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Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples by the specialized agencies and the international institutions associated with the United Nations

Assistance to the Palestinian people

Report of the Secretary-General***

Summary

The year under review was marked by the announcement of Israel's disengagement plan from the Gaza Strip and parts of the northern West Bank, the death of Palestinian President Arafat, successful Palestinian presidential elections and cautious efforts towards a resumption of the peace process by both the Israelis and Palestinians, in spite of continued violence, which claimed lives on both sides. Internal and external closures and other measures taken by the Israeli military, although moderately alleviated towards the end of the reporting period, continued to create economic hardship for Palestinians and restrict the delivery of necessary emergency aid supplies.

While the humanitarian situation required that emergency assistance remain the priority throughout the year, United Nations agencies took steps in their programming, through technical support and capacity-building initiatives, to assist the Palestinian Authority in its efforts to refocus on longer term planning and improved governance at both the central and the municipal level.

The present report contains a description of efforts made by United Nations agencies, in cooperation with Palestinian and donor counterparts, to support the Palestinian civilian population and institutions.

* A/60/50 and Corr.1.
** E/2005/100.
*** The present report was submitted after the established deadline in order to include as much updated information as possible.

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I. Introduction

1. The present report is submitted pursuant to General Assembly resolution 59/56 of 2 December 2004, in which the Assembly requested the Secretary-General to submit to it at its sixtieth session, through the Economic and Social Council, a report on the implementation of the resolution. The reporting period was from May 2004 to April 2005.

2. Information on the living and socio-economic conditions of the Palestinian people is provided in reports prepared by other United Nations agencies and, in particular, (a) in the report of the Economic and Social Commission for Western Asia (ESCWA) on the economic and social repercussions of the Israeli occupation on the living conditions of the Palestinian people in the occupied Palestinian territory, including Jerusalem, and of the Arab population in the occupied Syrian Golan (A/59/89-E/2004/21); (b) in the annual report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) (A/59/13); and (c) in the report of the United Nations Office for the Coordination of Humanitarian Affairs entitled "Gaza on the Edge" on the humanitarian situation in the Gaza Strip (October 2004).

3. Throughout the year, the United Nations Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued his efforts to support the peace process and to ensure effective coordination between the Palestinian Authority, the United Nations, the international community and the Government of Israel, as well as to document the economic and social conditions in the occupied Palestinian territory.

II. Overview of the current situation

Political context

4. The Israeli disengagement plan was announced in February 2004. The initiative to withdraw from the Gaza Strip and parts of the northern West Bank was welcomed by the international community, which, however, emphasized the need for coordination with the Palestinian Authority and the Middle East Quartet, and for implementation to take place in full compliance with the provisions of the road map. The Quartet expressed its support for the initiative in its statement on 4 May 2004.

5. The United Nations continued calling for the full implementation of the road map, endorsed by Security Council resolution 1515 (2003), and the realization of a just, lasting and comprehensive peace in the Middle East through the full implementation of resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003). The Organization urged the parties to utilize the disengagement plan as a first step in returning to full negotiations. Despite the unilateral character of the plan and concerns over its economic consequences, the international community worked with both parties to ensure that Israel's withdrawal would proceed in a manner that would contribute to the reinvigoration of the Palestinian economy and a revival of the peace process.

6. Following the election of Mahmoud Abbas (Abu Mazen) as Palestinian President and the formation of a new Israeli Government in January 2005, both

sides took positive steps that raised hopes for change in the region. The parties held a summit meeting between President Abbas and Prime Minister Sharon in Sharm el-Sheikh on 8 February 2005. At the meeting, both leaders reaffirmed their commitment to the road map and agreed to end all violence and military activity against each other's people.

7. The implementation of the understandings reached at Sharm el-Sheikh did not proceed without difficulties and delays. Both sides frequently reaffirmed their commitment to coordinate the implementation of the Israeli disengagement plan, though progress remained slow until April 2005. In this context, in April 2005 the Quartet appointed outgoing World Bank President James Wolfensohn as its special envoy to oversee and coordinate the international community's efforts in support of the disengagement initiative, as well as to promote coordination and cooperation between the parties in this regard. The special envoy is to play a specific role in the methodology of withdrawal, the disposition of assets, and the envisaged post-withdrawal revival of the Palestinian economy, including investment and financing.

Humanitarian and socio-economic context

8. Overall, macroeconomic indicators for the occupied Palestinian territory showed that the economy was resilient, despite the pressures of ongoing conflict and closure. Gross domestic product growth, estimated at 3 per cent, remained positive for the second year running, though lower than in 2003. In 2004, for the first time, domestic public revenues exceeded budget projections. However, despite this positive picture, a climate of protracted social and humanitarian crisis endured through the year, punctuated by an intensification of the conflict, ongoing barrier construction and persistent fiscal crisis. Private investment, particularly in productive sectors, remained low due to an ongoing lack of confidence of potential investors in the political situation.

9. An estimated 48 per cent of Palestinians were living below the poverty line at the end of 2004, with poverty rates expected to rise if prevailing conditions persist.[1] Food insecurity declined slightly in 2003, affecting 37 per cent of Palestinians.[2] Overall, however, food consumption per capita has fallen by 25 to 30 per cent since September 2000. In general, there is greater dependence on external aid in the Gaza Strip than in the West Bank. Humanitarian assistance constituted the chief part of the household food basket in the Gaza Strip, whereas in the West Bank employment and casual labour were the main sources of household income and food.

10. Israeli restrictions on movement were a proximate cause of economic hardship among ordinary Palestinians. The restrictions became more severe in the Gaza Strip, where the conflict intensified during 2004. The Rafah crossing was closed for 86 days during the reporting period, severely disrupting the flow of people and goods to and from Gaza. The average number of daily workers in 2004 entering the Erez industrial zone dropped by 75 per cent against 2003, and the number of those crossing Erez to work in Israel dropped by 64 per cent. This decline in labour access from Gaza was a major factor in overall Palestinian unemployment, which reached 26.9 per cent in 2004.[3] At the same time, there was an increasing trend towards under-18 child labour, particularly in the Gaza Strip and the barrier-affected communities of the West Bank.[4] It is important to note, however, that the total number of workers entering Israel and crossing into the Erez industrial zone began to increase significantly as of mid-February 2005.

11. Imports from Israel, through the main commercial terminal between the Gaza Strip and Israel at Karni rose by 5 per cent, though exports dropped by 30 per cent in 2004 compared with 2003. During the first quarter of 2005, imports through Karni declined by 18 per cent and exports by 39 per cent compared with the same quarter in 2004.[5] Internal checkpoints restricted movement between the northern, central and southern parts of the Gaza Strip. The barrier, together with more than 700 roadblocks, disrupted the flow of goods and people within the West Bank, as well as to and from Israel. The Allenby bridge remained the only international crossing for West Bank Palestinians.

12. On 9 July 2004, the International Court of Justice rendered an advisory opinion pursuant to General Assembly resolution ES-10/14 of 8 December 2003. The opinion stated that the construction of the wall "constitutes breaches by Israel of several of its obligations under the applicable international humanitarian law and human rights instruments". On 20 July 2004, the General Assembly adopted resolution ES-10/15, which acknowledged the Court's advisory opinion, demanded that Israel comply with its legal obligations and called on all Member States to comply as well. The resolution also requested the Secretary-General to establish a register of barrier-related damages. The register is expected to be established later in 2005.

13. Israel continued its construction of the barrier in the West Bank, contrary to the advisory opinion of the International Court of Justice of 9 July 2004 and General Assembly resolutions ES-10/13 and ES-10/15. By early 2005, the barrier was approximately 205 km long, of which 24.1 km consisted of concrete slabs and 181 km was fence-like in structure. A further 72.1 km was under construction. Approximately 157,800 acres lies between the barrier and the Green Line, affecting an estimated 93,200 Palestinians located in these areas. Land confiscations combined with access restrictions associated with the barrier were estimated to have cost Palestinians approximately $320 million in lost property and income,[1] while the barrier made Palestinian access to Israel's labour and commodity markets more difficult.[6]

III. United Nations response

A. Human and social development

14. Ongoing social and economic hardship, compounded by the intensification of the conflict in some areas, meant that shifting the bulk of investments from humanitarian to development programmes was delayed for much of the reporting period. However, with favourable steps taken by both parties towards the end of 2004, several United Nations agencies gave greater attention to medium-term planning and programming, in line with the priorities set out by the Planning Ministry of the Palestinian Authority. In so doing, a number of United Nations agencies also agreed to begin harmonizing their assessment of programme requirements in the occupied Palestinian territory. A key challenge for the United Nations within the framework of its commitment to support the creation of a viable Palestinian State is to ensure increasing technical and capacity-building support for public institutions.

Education

15. United Nations technical agencies have made significant investments in the education sector. This was led by $131 million in expenditure by UNRWA on 273 elementary and preparatory schools, which catered for some 254,000 pupils. The United Nations Educational, Scientific and Cultural Organization (UNESCO) provided technical assistance in specific areas including the Education for All initiative, technical and vocational education and training, early childhood education, teacher training, adult literacy, inclusive education and higher education. UNESCO financed and technically supported the first ever Education for All conference in Ramallah in April and May 2004, which launched the Palestinian Education for All national action plan currently being implemented.

16. The United Nations Children's Fund (UNICEF) undertook a programme to promote learning in child-friendly environments. In addition to the 68 schools that were supported in 2004, 32 more have been added in 2005. The programme involves community awareness meetings and the training of 800 teachers and 100 school principals in the child-friendly school concept, with an emphasis on non-violence.

Health

17. Investments in health care also remained a priority for specialized United Nations agencies during the reporting period. At a cost of $32 million, UNRWA continued to operate 54 health facilities providing comprehensive primary health care, supplied rehabilitation services at physiotherapy clinics in 12 of its facilities and operated one 63-bed hospital. The World Health Organization (WHO) invested $2.5 million in priority development activities in maternal and child health, communicable and non-communicable diseases, nutrition, mental health, food safety and the essential drugs list. With development investments of approximately $1.4 million, the United Nations Population Fund (UNFPA) focused on improving the accessibility of 42 primary health-care facilities offering reproductive health services, and of 11 comprehensive care facilities. United Nations Development Programme (UNDP) efforts in the sector centred on infrastructure support for essential health clinics in remote villages, such as the recently inaugurated clinic of Hija in the Governorate of Qalquilya.

18. The United Nations Office on Drugs and Crime focused on the prevention of drug abuse and related HIV/AIDS. Representatives of participating non-governmental organizations from Gaza and the West Bank attended a training workshop held by the Office on Drugs and Crime in Cairo from 5 to 7 July 2004, during which they received training on effective HIV/AIDS prevention among injecting drug users, as well as on the preparation and planning of outreach programmes targeting the said users. Following the training workshop, the non-governmental organizations completed their project proposals with the assistance of an Office on Drugs and Crime consultant. The organizations subsequently received Office on Drugs and Crime seed funds amounting to $25,000 for Gaza and another $25,000 for the West Bank, to implement outreach activities aimed at the prevention of HIV/AIDS among injecting drug users.

Multi-sector development support

19. The World Bank balanced ongoing emergency efforts with a renewed focus on a medium-term development agenda. It monitored and analysed emerging socio-

economic developments and donor interventions and advised the Palestinian Authority, the United Nations and the donor community on economic development priorities and strategies. The Bank's ongoing portfolio in the occupied Palestinian territory consisted of 14 projects valued at $164 million, with disbursements of over $50 million during the reporting period. Key areas of intervention included water, health care, education, social services and the private sector. The United Nations Human Settlements Programme (UN-Habitat) allocated some $5 million to improve the general housing conditions of the Palestinian people. Under its regular programme, UNDP provided some $5.8 million in infrastructure support across a wide range of social sectors.

Targeted social assistance

20. Significant allocations were made to meet the needs of chronically and newly vulnerable Palestinians during the reporting period. The World Bank's $10 million social safety net project aimed at mitigating the impact of the crisis on the most vulnerable, protect poor children and strengthen the institutional capacity of the Ministry of Social Affairs. The UNRWA Relief and Social Services Programme focused on the most vulnerable refugees, recognizing also the increasing burden of poverty that falls on women. In total, $17 million was allocated through April 2005 in cash assistance and food aid. Forty-four per cent of the families now receiving support through this targeted programme are headed by women.

21. The World Food Programme (WFP) and the Food and Agricultural Organization of the United Nations (FAO) identified vulnerable non-refugee beneficiaries for targeted support in food-insecure areas. UNICEF activities covered the areas most affected by closures, demolitions, military incursions and the barrier. To ensure services to the most vulnerable, UNICEF established offices in Gaza, Hebron, Tulkarem, Nablus and Jenin. UNFPA assisted women of reproductive age from geographically isolated areas who were at risk of increased maternal mortality and morbidity, through 313 trained women volunteers in 105 community support teams. At the same time, WHO advocated for safe access to health facilities for all Palestinians.

Human rights and women

22. The United Nations Development Fund for Women (UNIFEM) focused its efforts on increasing the participation of Palestinian women in social, economic and political life, to empower them as agents of change and enable them to cope better with the effects of the crisis. In all its activities, UNIFEM encouraged compliance with international human rights standards, and in particular with the Convention on the Elimination of All Forms of Discrimination against Women. UNIFEM investment in these activities amounted to $100,000 for 2004.

23. The Office of the United Nations High Commissioner for Human Rights (OHCHR) continued its technical assistance programme in support of the rule of law and administration of justice, and in human rights education and awareness. OHCHR activities were carried out in partnership with the Palestinian Authority, the Palestinian Independent Commission for Citizens' Rights, non-governmental organizations and the education sector. Together with the Ministry of Women's Affairs, the Office conducted a workshop on the role of Palestinian women in promoting human rights.

24. UNRWA supported 102 community-based facilities targeting particularly vulnerable segments of the Palestinian refugee community, such as women, children and the disabled. The centres, which encouraged women to play a more public role in society, revealed a strong growth in management, finance and administration skills among refugee women.

25. UNESCO activities included a $110,000 project aimed at eliminating gender disparities, implemented with the Ministries of Education and Higher Education in cooperation with the Ministry of Women's Affairs. UNESCO also initiated a capacity-development programme that included a series of training workshops providing technical guidance and counselling for students in four selected girls' schools in the West Bank. An agreement was reached to establish a Palestinian women's resource centre, intended as a clearing house for information on women's issues and as a networking, advocacy and policy research centre. UNICEF also initiated a programme to promote and monitor the rights of children and women, and supported the development of a draft juvenile justice law and a draft penal code. In addition, UNICEF initiated studies on child labour, child detention and violence against children.

Millennium Development Goals

26. Following its Millennium Development Goals report in 2003, UNDP worked to promote the relative agenda among United Nations agencies, Palestinian groups and international partners. In addition, UNDP supported the efforts of the Ministry of Planning to align Palestinian medium-term development priorities with the Millennium Development Goals.

B. Support for Palestinian institutions

27. A critical aspect of institutional support during the reporting period was the emergency financing of the Palestinian Authority's recurrent budget costs. Salary support was a particularly high priority, given the importance of public sector salaries for individual Palestinian livelihoods and for the economy as a whole. The World Bank served as administrator for the multi-donor public financial management-reform trust fund, which as of May 2005 had disbursed over $198 million in budget support to the Palestinian Authority. Emergency disbursements represented more than 80 per cent of the total over the period. The World Bank's own operations included a number of emergency services support projects, designed to mitigate the deterioration in education, health and social welfare services by financing the goods and services necessary to sustain their delivery. The Bank's contribution of $60 million to these projects leveraged more than $115 million from other donors. The projects were critical in covering the non-wage funding gap for key social ministries.

28. In addition to budget support, some $10 million was invested by United Nations agencies in technical assistance and capacity-building activities directly benefiting the Palestinian Authority. UNDP invested over $6 million in public institutions, including the provision of direct financial and technical support for the Palestinian Central Elections Commission in the organization of the presidential elections in January 2005. In the area of environmental management, UNDP helped to establish the Palestinian Energy Centre and to introduce the first Palestinian

building code, a first of its kind in the Arab world. The building code provides a blueprint for Palestinian engineers and architects to design and construct buildings that maximize the conservation of energy.

29. WHO actively participated in a health sector review led by the Ministry of Health in coordination with the European Commission, the World Bank, Italy and the United Kingdom of Great Britain and Northern Ireland. WHO supported the Ministry of Health in formulating and implementing national health policy, particularly in the areas of mental health, nutrition, food safety and essential drugs, while also assisting it to prepare an official report on the state of nutrition in the occupied Palestinian territory. WHO continued to develop and expand the "Health Inforum" information management system, which assisted decision-making during health emergency coordination meetings. WHO also supported technical exchanges on environmental and public health issues by promoting linkages between six European and six Palestinian cities.

30. Also in the health sector, UNFPA capacity-building measures included training the statistical units of five ministries in the areas of population and reproductive health, as well as technical assistance for policy and strategy development. An experts' retreat was sponsored by the Ministry of Planning in April 2004 to discuss potential population issues and policy implications for the Palestinian Authority vis-à-vis development needs. UNFPA provided training to teachers and counsellors in the public school system on issues relating to reproductive health and assisted in developing a curriculum on sexual and reproductive health education for the Ministry of Education. UNICEF provided all necessary information technology infrastructure as well as funding for the training of health staff in the implementation of a harmonized management information system between the Ministry of Health and UNRWA for the immunization programme, allowing the Palestinian Authority to have comprehensive data for all districts in the West Bank.

31. FAO contributed to the establishment of a food insecurity and vulnerability information monitoring system, hosted by the Palestinian central bureau of statistics. Beginning in 2005, the database will enable user-friendly access by stakeholders to updated, comprehensive and policy-relevant information on nutrition, food security and vulnerability. As part of its transition towards longer-term relief and recovery operations, WFP began planning structured capacity-building, increased Palestinian Authority involvement in programme implementation, and gave comprehensive technical support to the Ministries of Social Affairs and Agriculture.

32. Among its capacity-building activities, UNICEF worked with the Ministries of Education and Health to address violence in schools, in line with the intent of the International Decade for a Culture of Peace and Non-violence for the children of the world. Three hundred school counsellors from the Ministry of Education were trained, with over 300 still to receive training. A child-friendly schoolteachers' manual and a life skills-based education training manual were produced with the Ministry. UNESCO provided extensive technical assistance and policy and planning advice to the Ministry of Education and Higher Education in the preparation of the Ministry's second medium-term strategic plan. OHCHR worked with the Judicial Education Committee to integrate human rights into the training programme, with the Police Academies in Gaza and Jericho to build human rights into the training

curriculum for law enforcement officials, and with the Ministry of Education regarding human rights education programmes.

33. In the area of culture, UNESCO helped the Ministry of Culture to develop an integrated cultural policy for the Palestinian Authority and to organize, following an interval of four years, the Sixth International Book Fair intended to increase Palestinian access to worldwide knowledge. Approximately half a million books were sold to some 100,000 visitors during the event in March 2005. UNESCO also implemented a comprehensive capacity development programme with the Ministry of Tourism and Antiquities to strengthen the Ministry's ability to plan, manage and monitor cultural heritage protection. As a result of this programme, a list of Palestinian cultural and natural heritage sites has been prepared for the first time.

34. In the area of economic development, the United Nations Conference on Trade and Development (UNCTAD) continued to provide the Palestinian Authority and civil society with a range of technical assistance, advisory services and capacity-building projects, covering areas such as customs administration and automation, development strategies, trade policy, investment retention, public debt management and trade facilitation. Cumulative donor commitments to UNCTAD projects between 2001-2004 have amounted to $2.2 million to date, of which over $1.5 million has been spent. The International Labour Organization (ILO) assisted Palestinian employers' and workers' organizations, and contributed to developing a fund for employment and social protection, established by presidential decree to coordinate all financial and technical assistance for employment creation. The ILO also helped the Ministry of Labour to strengthen its labour market information system and to create an employment task force. In partnership with the Ministry of Social Affairs, ILO supported the establishment in Hebron of a vocational and rehabilitation centre for people with disabilities and special needs. The amount invested in these activities by ILO was nearly $5 million.

35. In other technical areas, the International Atomic Energy Agency assisted the Palestinian Authority with agricultural pest control. A team of six from the Ministry of Agriculture continued receiving technical support in the application of isotope and radiation technologies to control and monitor the Mediterranean fruit fly population in the Gaza Strip. UN-Habitat began supporting the Palestinian Authority in urban planning and development, as well as in efforts to develop a housing policy for the occupied Palestinian territory.

36. In addition to support for public institutions, United Nations agencies continued to play a role in promoting the activities and development of civil society, particularly through partnerships with Palestinian and international non-governmental organizations. OHCHR finalized agreements with the Palestinian Independent Commission on Citizens' Rights, a Palestinian human rights institution, for a joint programme that will include capacity-building initiatives, and continued to work closely with the broader community of non-governmental organizations involved in human rights through awareness-raising activities and training on international human rights mechanisms. Through its six field coordination offices, the Office for the Coordination of Humanitarian Affairs was an important focal point for United Nations interaction with humanitarian non-governmental organizations.

C. Development of the private sector

37. While the recovery of the Palestinian economy hinges on the broader political situation and status of the internal and external closure regime, much depends on the channelling of private sector skills and resources towards growth-productive and employment-intensive sectors, such as agriculture, construction and manufacturing. Although higher bank lending rates during 2004 indicated a spontaneous renewal in private economic activity and risk taking, the recovery by the private sector witnessed in the first months of 2005 was increasingly articulated as a strategy of choice, among Palestinians and the international community, for generating economic growth during the post-disengagement period. In this context, several United Nations organizations sought to support the Palestinian private sector.

38. Prominent among these was the UNWRA microfinance programme, which disbursed some 15,000 loans valued at over $17 million to small businesses, maintaining a repayment rate of over 90 per cent. The UNDP programme for rural and economic development involved investments of some $5 million in new projects for land reclamation and integrated rural development. In addition, FAO and UNDP assisted the Ministry of Agriculture in developing an agricultural revitalization programme to promote agricultural activities throughout the occupied Palestinian territory. Within this framework, FAO began implementing a $1.5 million project to support horticulture, animal husbandry and agricultural marketing in four districts of the West Bank and the Gaza Strip. Also prominent were two ongoing World Bank private sector projects, including a $10 million programme to develop the Gaza industrial estates, and a $17 million Palestinian housing project.

39. The Arab-International Forum on Rehabilitation and Development in the Occupied Palestinian Territory: towards an Independent State was an important regional initiative organized by ESCWA in October 2004. The event brought together major Arab, Islamic and Western financial institutions, international organizations, Palestinian business leaders and representatives of the Palestinian Authority to explore options for future private sector growth in the occupied Palestinian territory.

D. United Nations emergency assistance

40. Given the ongoing political instability and economic hardship during most of the reporting period, a large proportion of United Nations assistance to the occupied Palestinian territory was directed towards short-term, emergency responses. Operations were frequently affected by restrictions on the movement of goods and personnel. As the political situation appeared to improve in the first months of 2005, the increasing attention of donors to medium-term assistance agendas resulted in a relative decline in support for emergency programmes.

Emergency food and agriculture support

41. According to UNRWA, food support was provided to almost 30 per cent of the refugee population of the occupied Palestinian territory, i.e., 95,000 families in the West Bank and 127,000 families in the Gaza Strip. Restrictions on movement and declining donor support, however, required UNRWA to scale back its core

emergency interventions, including food aid. As a result, there was a 30 per cent reduction in the nutritional value of food distributions in the West Bank.

42. WFP opened its third consecutive emergency operation in September 2004. The operation, which directed food support to 480,000 non-refugee Palestinians, was aimed mainly at supporting livelihoods and to prevent a worsening of the nutritional status of the most vulnerable Palestinians. WFP began addressing its humanitarian access problems to Gaza through purchasing 93 per cent of its food commodities locally within the Strip. In addition, WFP has injected over $10 million into the economies of Gaza and the West Bank, by local purchases of wheat flour, olive oil and other food commodities. Between 1 April 2004 and 31 March 2005, WFP delivered over 70,000 metric tonnes of food aid to almost 400,000 beneficiaries, at a total expense of $35 million.

43. FAO supported the rehabilitation of destroyed and damaged greenhouses. A $1 million emergency project included agricultural inputs and equipment, as well as numerous training courses for technicians and farmers on greenhouse construction and management and new cultivation methods.

Emergency employment support

44. The UNRWA job creation programme prioritized refugees with large families, supporting livelihoods with a remuneration of $10 to $12 per day per worker (an average of $2 per dependent per day). Employment programmes contributed to the repair of refugee camp infrastructure and the renovation of agency facilities. UNDP mobilized $58 million from Arab, Asian and Western donors for labour-intensive infrastructure projects. Of this amount, $18 million was spent on emergency employment programmes. WFP provided food-for-work and food-for-training support for 39,700 workers from recently impoverished households, benefiting some 238,000 family members.

Emergency health support

45. Access for Palestinians to preventative and curative health services remained good overall. However, many Palestinians faced delays in access to medical treatment due to closure, and access to mental health treatment was insufficient to cope with the increase in conflict-related psychological disorders. Critically, it was estimated that households located in areas crossed by the barrier were 80 to 300 per cent more likely to experience difficulty in access to health services. Drops in income limited the ability of many households to pay for private health care. Access to hospital care for hardship social cases and Palestinians living below the poverty line was half that of those living above the poverty line.

46. UNRWA ran five mobile units in 2004, although plans to add two more in 2005 are on hold due to funding shortfalls. A total of 112,966 patients were seen in 2004 at a cost of $2 million. UNRWA also participated in a measles and vitamin A campaign, launched in collaboration with UNICEF and the Ministry of Health, during which 85,000 children below five years of age were vaccinated. UNICEF procured all necessary vaccines and vaccine-related supplies for the Palestinian Authority and UNRWA immunization clinics for 2005. In partnership with non-governmental organizations and the Palestinian Authority, UNICEF also provided emergency health kits, midwifery and obstetric kits, and generators to assist 10,000 people residing in Gaza Strip enclaves.

47. UNICEF and its non-governmental organization partners established nine psychosocial emergency teams of approximately 20 qualified professionals each, in order to address the conflict-related distress of children and their caregivers. In total, 4,700 children affected by violent incursions and house demolitions attended debriefing sessions. A further 14,600 caregivers were acquainted with techniques on how to detect signs of distress in children and to provide them with adequate support. Approximately 60,000 children were reached indirectly through this project. UNICEF also worked closely with the national Mine Action Committee in reviewing the national strategy and in training trainers for mine risk education. A media campaign was launched in the Gaza Strip after the incursions in September and October 2004, to create awareness of the dangers of unexploded ordnance. UNRWA provided psychosocial counselling to nearly 70,000 refugee children during the 2003-2004 school year.

48. A $1 million UNFPA emergency relief programme supported an obstetric care needs assessment in the areas isolated by the barrier; it involved the training of 195 health personnel and the procurement of 200 emergency kits to reduce the risks of maternal and infant mortality. WHO provided emergency coordination and distributed medical equipment, emergency health kits and other supplies.

Emergency education support

49. In the 2003 and 2004 academic years, 272 UNRWA schools in the West Bank and Gaza were closed for a collective total of 391 days. UNRWA attempted to address the challenges to its educational programmes by conducting remedial classes. The programme was suspended in the Gaza Strip in 2003 due to funding shortfalls, but started up again in 2004 to provide services to some 33,000 students in the West Bank.

50. UNICEF spent $4 million on emergency education assistance to families during the military operations in the Gaza Strip. Approximately 20,000 children were provided with remedial worksheets, school bags and stationery items, as well as basic clothing items. Some 375 school-in-a-box kits were distributed to the most severely affected schools in Gaza, serving an estimated 30,000 students.

Emergency infrastructure support

51. Israeli military incursions and house demolitions intensified during the reporting period. Approximately 1,350 houses were partially or completely destroyed in the Gaza Strip, affecting some 10,000 people. As a result, the United Nations increasingly focused on the immediate need to rebuild shelters and repair roads and water and sanitation systems.

52. UNRWA allocated $6 million to shelter reconstruction and repair in the Gaza Strip, and completed the construction of over 300 new homes in Khan Younis and Rafah, where 80 per cent of house demolitions have occurred. In the Gaza Strip, UNRWA also supported the repair of roads, sewage and water systems and UNRWA installations, the bulk of which was related to damage incurred in Rafah in May 2004. In the West Bank, UNRWA provided grants to individuals for emergency shelter repair, and completed the Jenin Camp Reconstruction Project, costing $27 million, in December 2004. The project included 435 new homes and related community infrastructure. Since September 2000, the total grants for shelter repair

in the West Bank amounted to $3.4 million, while in the Gaza Strip $21.7 million has been allocated to shelter repair and reconstruction.

53. Emergency infrastructure programmes implemented by UNDP covered a wide range of public services and municipal utilities, schools, hospitals, clinics, roads, sanitation systems and water treatment facilities. Expenditure for emergency infrastructure support amounted to $11 million.

E. Coordination of United Nations assistance

54. The Office of the Special Coordinator for the Middle East Peace Process and Personal Representative of the Secretary-General to the Palestine Liberation Organization and the Palestinian Authority continued its coordination of United Nations assistance to the Palestinian people and its representation of the United Nations system at donor forums. It remains the co-chair of the all-donor Local Aid Coordination Committee and vice-chair of the Humanitarian and Emergency Policy Group; it also participated on behalf of the United Nations at the December 2004 meeting of the Ad Hoc Liaison Committee in Oslo and at the London meeting of March 2005. Locally, the Office of the United Nations Special Coordinator for the Middle East Peace Process convened regular coordination meetings of United Nations agencies and several extraordinary meetings on issues of special policy interest to the United Nations. In order to strengthen a single voice for the United Nations in the region, the Office also served as co-chair of the United Nations Advocacy and Public Information Committee. In late April 2005, the Office began serving as the focal point for coordination between the United Nations system and the new office of the Quartet Special Envoy for Disengagement, Mr. Wolfensohn.

55. In the second half of 2004, the Office for the Coordination of Humanitarian Affairs led in the preparation of the 2005 consolidated appeal process, under which a total of over $302 million was requested to finance activities for 11 agencies and five non-governmental organizations; it also established a database to monitor the progress of consolidated appeal-related projects. The 2005 appeal focused attention on preventing a further deterioration of the socio-economic situation, ensuring civilian protection and targeting of emergency assistance to locations with acute humanitarian needs arising from the conflict, notably in the Gaza Strip, Nablus and Hebron. For the first time, the 2005 appeal preparation benefited from a gender adviser, provided by UNIFEM, to mainstream gender issues in the annual appeal. By May 2005, the Office had received $953,000 in donor contributions through the 2005 consolidated appeal process.

56. On the ground, the Office for the Coordination of Humanitarian Affairs coordinated emergency operational responses and humanitarian assistance from its Jerusalem headquarters and its field offices located in the Gaza Strip, Hebron, Ramallah, Jerusalem, Nablus and Tulkarm. Humanitarian responses were coordinated by liaising with local authorities and municipalities, United Nations agencies and NGO partners. The Office's humanitarian coordination costs for 2004 amounted to some $2.8 million from voluntary donor contributions.

57. In the latter months of 2004, the United Nations country team, led by a core group of agencies and facilitated by the United Nations Development Group, began discussions to initiate a common assessment of medium-term development needs and programme requirements for the occupied Palestinian territory. The objectives

of the joint assessment, which would take place later in 2005, were to promote a gradual harmonization of United Nations programmes and to strengthen their consistency with the central development priorities of the Palestinian Authority.

Humanitarian access

58. Access for humanitarian personnel of all agencies and emergency supplies to the Gaza Strip was particularly problematic due to Israeli restrictions and repeated closures at Erez, Karni and Rafah terminals during the reporting period, even forcing a three-month suspension of food distributions by UNRWA in Gaza between June and September 2004. The restrictions violate established principles of international law, and moreover raise transaction costs for operational agencies, which are ultimately borne by the international community. Since October 2000, cumulative costs incurred due to additional storage, demurrage and transport amounted to $10.6 million by February 2005. In the same period, staff-related costs of closure amounted to almost $20 million.

United Nations media and public information activities

59. As part of their mandated advocacy work, the United Nations agencies continued to work closely with international and local media to draw attention to and provide information on the situation of the Palestinian people and about the United Nations presence in the region. A new inter-agency coordination mechanism, joint and agency-specific press releases, media information tours, press conferences and a number of other media activities were carried out to inform the public about the humanitarian situation in the occupied Palestinian territory. A prominent new public outreach initiative launched during 2004 was the WHO *Bridges* magazine, conceived and produced jointly by Israeli and Palestinian health professionals. For its part, UNESCO provided expert advice to media institutions, assisted in the preparation of the media legislative framework and supported activities in television and radio productions (with special emphasis on children's programmes). UNESCO also promoted a media training centre in Gaza and provided equipment and training to the Palestinian news agency and other media centres in the West Bank.

IV. Donor response to the crisis

60. Donor assistance continued to be channelled towards immediate emergency and humanitarian priorities, although towards the end of 2004 attention was increasingly centred on requirements for economic recovery over the medium term. This shift was inspired by the Palestinian Authority's success in managing the leadership transition following the death of President Arafat, the positive steps that were subsequently made with Israel on the political track and a relative reduction in violence. Despite these initial steps, a fiscal crisis within the Palestinian Authority required emergency budget support towards the end of the year. Donors generally agreed that economic recovery, and the additional injections of assistance that it would require, would need to be based on evidence of progress on the ground, particularly in easing the closure regime and bringing about critical reforms in the Palestinian Authority.

A. Emergency budget and fiscal support

61. Internal revenues of the Palestinian Authority were strong, reaching pre-September 2000 levels by the third quarter of 2004, with gross revenue up 30 per cent from 2003. By the end of 2004, domestic tax revenues were 37 per cent higher than in 2003; non-tax revenues similarly increased by 21 per cent, excluding profit transfers from the Palestinian monetary fund. Overall, even though total revenues for 2004 exceeded budget projections by over $100 million, external donor support did not meet projections. This shortfall, together with a 17 per cent rise in public sector wage costs, left an estimated $160 million financial gap by the fourth quarter of 2004, resulting in a 57 per cent increase in public sector bank borrowing. Budgetary aid came primarily from the European Union, Saudi Arabia and the World Bank public financial management-reform trust fund (see para. 27). Budget projections for 2005 point to continued strong total revenue performance, with an increase of 8.4 per cent above 2004 levels.

B. Support for Palestinian reform

62. The Task Force on Palestinian Reform continued to monitor and support the Palestinian reform process in the areas of elections, financial accountability, the judicial sector and rule of law, legislation, market economy, local government and public administration, and worked with the Palestinian Authority Reform Coordination Support Unit to develop a one-year reform action plan. A number of donors expressed interest in supporting the reform plan, raising hopes for targeted funding to support certain components of the reform effort.

63. Overall, there was positive progress in the areas of elections and financial accountability, which enjoyed strong donor support. Progress was slower in the judicial sector, however, in part due to unresolved conflicts between judicial authorities. In the legislative and the municipal sectors, the Task Force reported that a frequent lack of political will among different parties, financial strains on the Palestinian Authority and intensification of the conflict combined to hinder further progress. The transition in the leadership of the Palestinian Authority towards the end of 2004, renewed dialogue with Israel and a renewed commitment by key international donors offered new promise for the reform agenda in 2005.

C. Donor coordination

64. To address the economic crisis, the main donor coordination body, the Ad Hoc Liaison Committee, met in Oslo on 8 December 2004. The World Bank report discussed at the meeting acknowledged disengagement as a potential opportunity for economic renewal, but also stressed the need for an easing of the existing closure regime and significant progress by the Palestinian Authority in the areas of security and institutional reform. The donors endorsed the findings of the report, and agreed that the World Bank, in consultation with them, would develop a set of indicators against which the performance of both parties could be measured. Donors concluded that disengagement should be implemented on the basis of close coordination among the parties, within the context of the road map.

65. At the local level, donor coordination efforts continued through the Local Aid Coordination Committee and its sub-structures: the Humanitarian and Emergency Policy Group, the Task Force on Project Implementation and the Sector Working Groups. The Committee itself met on 13 occasions.

66. In follow-up to the London meeting of 1 March 2005, consultations were initiated in the international community to review and mainstream donor assistance coordination structures. The aim of this process was to better integrate international assistance and reform efforts, enhance the leadership role of the Palestinian Authority in aid management and ensure more effective donor coordination. Options for renewed donor assistance coordination structures were presented to the Palestinian Authority in April 2005.

V. Challenges ahead

A. Political, economic and social challenges

67. Despite positive initial steps by both parties towards the end of 2004 and early 2005, a primary political challenge ahead remains the institution of a comprehensive political dialogue, and follow-up on the parties' respective commitments and obligations under the road map. The international community, the United Nations and the Quartet will need to seize the opportunity by redoubling their efforts to achieve the full implementation of the road map, as endorsed by the Security Council in its resolution 1515 (2003).

68. Progress on the social and economic front will continue to face several challenges. Unless significantly eased, internal and external closures will continue to be serious obstructions to economic recovery and development opportunities for the majority of Palestinians. Reform of Palestinian public institutions, and improving their capacity to assume increasing leadership in aid management, development planning and effective social service delivery, will constitute additional challenges, the urgency of which will be highlighted during and immediately after disengagement. The United Nations system will be required, actively and coherently, to identify opportunities to support Palestinian institutions during this critical period.

69. An immediate challenge will be to generate tangible improvements in the quality of life for Palestinians both in the West Bank and the Gaza Strip, while also laying the ground for long-term economic recovery.

70. Despite an apparent stabilization of the economy and growth in private sector activities since 2003, progress towards economic recovery is unlikely to benefit all Palestinians comprehensively or equitably. Many refugee and non-refugee Palestinians who lost assets and livelihoods during the years of the second intifada are likely to increase the numbers of the chronically poor, and will require targeted social assistance over the medium term. Public institutions are likely to remain only partially able to finance and implement large-scale social assistance programmes in the near term. As such, significant financial support from the international community will continue to be needed. Active steps will have to be taken to ensure that such support effectively strengthens the social planning and delivery capacities of the Palestinian Authority.

71. In operation terms, closures, security restrictions and uncertainty over the full respect by Israeli authorities for United Nations privileges and immunities are likely to continue to pose important challenges to access for, and consequently to the implementation of, United Nations assistance programmes. In order to meet this challenge, United Nations agencies, with support from their respective headquarters, will need to adopt a more robust common approach to access.

B. Unmet and emerging requirements

72. For the majority of United Nations agencies, immediate support will be needed to address persisting problems of poverty, social vulnerability and food insecurity through a combination of measures, including employment creation, small-scale credit, the delivery of essential social services and targeted food assistance in cases of acute need. Such immediate requirements were analysed and framed during 2004, for a three-year time period, under a national programme for social protection as part of the Palestinian Authority's medium-term development plan.

73. Barrier-affected communities will have an increasingly wide set of needs, but responses will continue to pose complex legal, social and political problems for donors and international organizations. In particular, the legal implications of various types of humanitarian assistance, including the provision of temporary social services, merit careful consideration as part of the design phase of individual projects. The Ministry of Planning has initiated a process to assist international partners in selecting projects that are compatible with international legal obligations. Moreover, the Local Aid Coordination Committee will continue to explore with donors and international organizations appropriate programme interventions for barrier-affected populations. There are also concerns that the completion of the barrier, which will impede access between East Jerusalem and the West Bank, will have significant adverse effects on the operations of those United Nations agencies that rely on the movement of national staff complements between the said areas.

74. Short-term needs associated with the disengagement plan are likely to include the pre-positioning of supplies, food commodities and preparedness of emergency services, in anticipation of potential political or security contingencies during and immediately after Israeli withdrawal. Longer-term United Nations programme requirements resulting from disengagement are likely to be complex, and will depend on the nature and extent of the withdrawal itself and of territorial and commercial linkages with the remainder of the occupied Palestinian territory, Israel and the region. Future needs will also depend on the ability of the Palestinian Authority to project authority, ensure effective administration and deliver effective public services, including public security, in the areas of Israeli withdrawal.

VI. Observations

75. There have been positive political developments towards the end of the period covered in the present report, with both the Palestinians and the Israelis reaffirming their commitment to the road map and the cessation of violence. Reaching a peaceful solution to this conflict, which continues to claim lives and devastate communities, however, will require that both sides follow through with those

commitments. While it is hoped that emerging opportunities can be realized, Palestinians will continue to face severe socio-economic hardship and formidable challenges in the areas of reform and governance in the year ahead.

76. Within this context, United Nations agencies, donors and humanitarian organizations will need to meet a wide variety of programming needs regarding assistance to the Palestinian people in 2005 and 2006, while balancing short-term emergency requirements with a coherent development focus on the medium and long term. Therefore, it is vital that the international community continue to provide the necessary resources for assistance programmes for the Palestinian people.

77. The parties must make every effort to facilitate the work of United Nations agencies and partners in the donor and aid communities. I call especially upon the Government of Israel to ease restrictions and work closely with United Nations agencies, donors and humanitarian organizations to ensure that aid and development projects are delivered in a timely and comprehensive manner. Effective steps by the Palestinian Authority to lessen Israel's security concerns would facilitate such an effort.

78. While international assistance can alleviate the suffering of the Palestinian people, only a peace process and a full and final settlement of the conflict will enable a shift from crisis management and recovery to sustained and sustainable development and prosperity. Such a settlement can be achieved through the full implementation of the Quartet's road map, designed to resolve the Israel-Palestinian conflict and end the occupation that began in 1967.

79. The broader aim of the United Nations and, indeed, the entire international community, remains the realization of a just, lasting and comprehensive peace in the Middle East, based on Security Council resolutions 242 (1967), 338 (1973), 1397 (2002) and 1515 (2003), and the establishment of a sovereign, democratic, viable and contiguous Palestinian State living side-by-side in peace with a secure Israel.

Notes

[1] World Bank, *Stagnation or Revival? Israeli Disengagement and Palestinian Economic Prospects*, December 2004.

[2] Out of the total estimate of 1.3 million food-insecure Palestinians, 560,000 are refugees and 750,000 non-refugees. Half of the governorates of the West Bank and Gaza has remained at the same levels of food insecurity, a quarter has become more food insecure while a quarter has improved.

[3] According to ILO definition.

[4] According to surveys conducted by the Graduate Institute of Development Studies in 2001, 2002 and 2003, the number of children working has risen from 10 per cent to 23 per cent.

[5] Calculation by the Office of the United Nations Special Coordinator for the Middle East Peace Process based on commodities flow data from the Palestinian Authority Ministry of Finance and the National Security Force.

[6] Office of the United Nations Special Coordinator for the Middle East Peace Process, *Economic Adaptation and Fragmentation in the rural West Bank* (unpublished).